



Mexican Multinationals Cope with the Turbulence of an Adverse Economic Environment

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The Institute for Economic Research (IIEC) of the National Autonomous University of Mexico (UNAM) and the Columbia Center on Sustainable Investment (CCSI), a joint center of Columbia Law School and the Earth Institute at Columbia University in New York, are releasing the results of their ninth survey of Mexican multinationals today.¹ The survey, conducted in 2020, is part of a long-term study of the rapid global expansion of multinational enterprises (MNEs) from emerging markets. The present report focuses on data for the year 2018.

Highlights

In 2018, the 20 largest Mexican MNEs had foreign assets of US\$ 158 billion (Table 1), foreign revenue of US\$ 110 billion, and 418,540 foreign employees (Annex I, Table 1). The two largest companies (América Móvil and CEMEX) together controlled US\$ 82 billion, equivalent to 52% of the total foreign assets of the companies on the list. The four largest MNEs (also including Grupo México and FEMSA) together controlled US\$ 103 billion, equivalent to 65% of the total. Companies in the food and beverage sectors (eight) dominate the list, followed by companies in the non-metallic (three) and diversified (two) sectors. Only two companies are not listed on any stock market: PEMEX, the 100% government-owned oil company and XIGNUX, a privately-held conglomerate.

¹ The authors of this report, Dr. Jorge Basave Kunhardt and Dra. Maria Teresa Gutiérrez Haces are senior researchers at the Economics Research Institute of National University of Mexico (UNAM). The authors kindly ask that this work be cited properly. Technical support was provided by Iris Velasco, Carlos Julio Cantón and Erika Martínez.

The 20 listed MNEs have 331 foreign subsidiaries, most of them in Latin America (134) followed by those located in North America (89), primarily in the United States (Annex I, Figure 2). In third place is Western Europe (registered as "Other Europe") followed by Eastern Europe and Central Asia in fourth, South Asia in fifth, the Middle East and North Africa in sixth, East Asia and the Pacific in seventh, and Developed Asia Pacific, with the few existing subsidiaries. None of the companies on the list have a presence in sub-Saharan Africa.

Table 1. Mexico: The top 20 non-financial multinationals, by foreign assets, 2018 (US\$ million)^b

Rank	Name	Industry	Status ^c	Foreign Assets
1	América Móvil	Telecommunications	Listed (Nil)	57,852
2	CEMEX	Non-metallic minerals	Listed (Nil)	24,603
3	Grupo México	Mining	Listed (Nil)	13,564
4	Grupo FEMSA	Beverages	Listed (Nil)	10,847
5	Grupo BIMBO	Food products	Listed (Nil)	10,150
6	Grupo ALFA	Diversified	Listed (Nil)	9,650
7	Mexichem	Chemical & Petrochemicals	Listed (Nil)	8,049
8	ARCA- Continental	Beverages	Listed (Nil)	7,909
9	PEMEX	Oil & gas	Unlisted (100)	2,249
10	LALA	Beverages	Listed (Nil)	2,082
11	GRUMA	Food products	Listed (Nil)	2,074
12	Casa Cuervo	Beverages	Listed (Nil)	1,736
13	Grupo VITRO	Steel & metal products	Listed (Nil)	1,413
14	ALSEA	Food products	Listed (Nil)	1,408
15	Grupo ELEKTRA	Retail trade	Listed (Nil)	1,146
16	Cementos Chihuahua	Non-metallic minerals	Listed (Nil)	848
17	Bachoco	Food products	Listed (Nil)	764
18	XIGNUX	Diversified	Unlisted (Nil)	745
19	Industrias CH	Steel & metal	Listed (Nil)	742
20	ELEMENTIA	Cooper & plastic	Listed (Nil)	595
Total				158,426

Source: Basave and Gutiérrez-Haces., consolidated company reports and websites.

^a Financial firm are excluded from the ranking as per the methodology of the Emerging Market Global Players project.

^b the exchange rate used is the IMF rate of December 30, 2018: US\$ 1= Pesos 19.68

^c the percentage in parentheses shows the percentage of state-owned shares.

Profile of the top 20 MNEs

Changes to the list

Between 2017 and 2018, several changes occurred in the ranking of the top 20 MNEs (Annex I, Table 1). First, Grupo México (Mining) rose from 4th to 3rd place, surpassing Grupo FEMSA (beverages) (now in 4th place), LALA (beverages) appeared, jumping into 10th place. The latter is due to newly available information regarding foreign assets of LALA. Mexichem (Chemical & Petrochemicals) is now in 7th place surpassing ARCA Continental (Beverages) (now in 8th place). ALSEA (Food Products) rose from 17th to 14th place and BACHOCO (Food Products) rose from 19th place to 17th place. GRUMA (Food Products) fell from 10th place to 11th place, Casa Cuervo (Beverages) fell from 11th place to 12th place, Cementos Chihuahua (Non-metallic minerals) fell from 12th place to 16th place, XIGNUX (Diversified) fell from 15th place to 18th place, Grupo ELEKTRA (Retail trade) fell from 14th place to 15th place, Industrias CH (Steel & metal) fell from 16th place to 19th place and ELEMENTIA (Cooper & plastic) fell from 18th place to 20th place. Grupo CARSO (Diversified) that was in 20th place entered the Runners Up list in 2nd place after Grupo Comercial Chedraui (Retail).

Driving factors of Mexican FDI

Expansion of Mexican FDI continued for a second year in a row during 2018, following a four-year decrease. Mexican OFDI in 2018 totaled near US\$ 7 billion (Annex I, figure 4). Several investments were done during 2018 in the Food and Beverage industries as well as in retail through M&A transactions following the consumer demand's steady growth specially in the US (Annex I, Table 4a). In the Communications and ICT industries América Móvil continue to consolidate its leading position in Latin America (Annex I, Table 5). The top 10 outward M&A transactions in 2018 totaled US\$ 5.6 billion of which the most significant acquisition was that of Israel based Netafin (Irrigation Systems) by Mexichem (Chemical & petrochemical). The Beverages and Food industries for the second year in a row engaged in the largest number of M&As (5), and the United States, host of three acquisitions, was the primary target country (Annex I Table 4a).

Main industries

Annex I, Figure 1, shows the distribution of the foreign assets of the ranked MNEs per investment sector. In 2018, the telecommunications industry (36.4%) increased its dominance with respect to 2017 (31.8%). It continues to reflect the weight of América Móvil, which has been at the top of the 20 ranked Mexican MNEs since 2010. The telecommunications industry is followed by the non-metallic minerals industry (16.9%) including three companies: CEMEX (2nd in our Table 1 list), Cementos Chihuahua and Grupo VITRO. The percentage distribution of this sector decreased (17.9% in 2017) for the third year in a row. Although the Beverage sector included a new company LALA, in our List of the 20 Largest Mexican MNEs, and remained third in the foreign assets, its percentage distribution fell from 17.5% in 2017 to 14.2% in 2018. The sector includes four

companies, Grupo FEMSA (3rd in our Table 1 list), ARCA-Continental, Casa Cuervo and LALA). Mining (8.5%) is 4th, based on the performance of only one company, Grupo México (4th in our Table 1 list). The food industry is fifth and increased its percentage distribution from 8.7% in 2017 to 9.1% in 2018 including four companies, BIMBO, GRUMA, BACHOCO and ALSEA. Diversified companies, including Grupo ALFA and XIGNUX rank 6th but due to the removal of Grupo Carso from the Top List, its percentage distribution fell from 7.3% in 2017 to 6.5% in 2018. Filling out the ranking are the chemicals and petrochemicals industry (5.1%), oil & gas (1.4%), retail trade (1.1%), steel & metal products (0.5%), and copper & plastic pipes (0.4%).

Geographical distribution of subsidiaries

The total number of foreign subsidiaries in 2018 was 331 as shown in Annex I, Table 1. Latin America & the Caribbean, with 134 subsidiaries, was the top investment destination for Mexican FDI, followed by North America (primarily the United States) with 89 subsidiaries. Overall, 67% of the ranked MNEs' subsidiaries are located in the Americas. Only two of the MNEs on the list do not have subsidiaries in North America: FEMSA (beverages) and ALSEA (food products), while four MNEs do not have subsidiaries in Latin America: PEMEX (oil & gas), Cementos Chihuahua (non-metallic minerals), BACHOCO (food products) and Casa Cuervo (beverages) (Annex I, Table 2).

Western Europe (named Other Europe) hosts 53 Mexican subsidiaries representing 16% of the total, followed by East Europe & Central Asia with 33 subsidiaries (10%), South Asia with 8 subsidiaries (2%), Middle East and North Africa with 7 subsidiaries (2%), East Asia & the Pacific with 5 subsidiaries (1.5%), and Developed Asia Pacific with less than 1%.

Mexichem (chemical & petrochemical) continues to maintain the largest number of subsidiaries (54) distributed in seven of the regions: Latin America & the Caribbean (17), Other Europe (14), East Europe & Central Asia (9), North America (8), Middle East & North Africa (3), South Asia (2) and East Asia & the Pacific (1). Two of the Mexican MNEs are present in seven of the eight regions: Mexichem (chemical & petrochemicals) with 54 subsidiaries distributed in all regions except Developed Asia Pacific and GRUMA (food products) with 29 subsidiaries distributed in all regions except Middle East & North Africa.

Ten of the 20 MNEs were global, defined as those companies that have a presence in at least one region in addition to the Americas. The remaining ten were regional, with a presence only in the Americas. The global MNEs were América Móvil, CEMEX, Grupo México, Grupo BIMBO, Grupo ALFA, Mexichem, GRUMA, Casa Cuervo, Grupo VITRO and ALSEA. No Mexican MNE had a presence in sub-Saharan Africa.

Transnationality Index

The transnationality index (TNI) aims to represent the extent of a firm's international activities and presence as compared to its domestic activities and presence. It is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employees to total employees. It is expressed as a percentage (that is, 41% instead of 0.41). In 2018, Mexichem had the highest TNI at 85% (Annex I, Table 1). In addition to Mexichem, five other MNEs posted a TNI above 50%: CEMEX (79%), América Móvil (67%), GRUMA (66%), ARCA-Continental (52%) and Grupo ALFA (51%). This year it was not possible to fully calculate the TNI of two MNEs, Cementos Chihuahua and XIGNUX, due to lack of information on the number of their foreign employees.

Ownership status

PEMEX (oil & gas) is the only MNE that is 100% owned by the Mexican State. It is not listed on any stock exchange. The only other MNE included in the ranking that is not listed on a stock Exchange is XIGNUX (diversified) which is controlled (78.95%) by the Garza Herrera family. The remaining 18 MNEs are listed on the Mexican Stock Market (BMV). Seven of them are also listed on the NY Stock Exchange and/or on Latibex, the Spanish stock Exchange for Latin American securities (Annex I, Table 3).

Employment in 2017

Foreign employment during 2018 (418,540) increased by 10,309 new jobs when compared to 2017 employment levels. The companies with the greatest number of new overseas employees in 2018 were Mexichem (Chemicals & petrochemicals) with 5,436 new employees, Grupo FEMSA (Beverages) with 2,909 new jobs, Grupo VITRO (Non-metallic minerals) with 2,209 new positions and Grupo ALFA (Diversified) with 1,250 new positions.

The ten largest mergers and acquisitions (M&A), 2015-2017

The largest 10 outward M&As during 2018 totaled US\$ 5.6 billion, US\$ 2.1 billion less than the 2017 total. The largest M&A in 2018 was the acquisition of Israel-based Netafin by Mexichem (Chemicals & petrochemicals) (US\$ 1.4 billion). The region where the largest number of acquisitions was made was the United States (which was also true for 2017 and 2016), with three M&As for a total of US\$ 1.8 billion.

The companies that invested in the United States during 2018 were Grupo ALFA (Diversified), Grupo Comercial Chedraui (Retail) and Casa Cuervo (Beverages) (Annex I, Table 4a).

Four of the 2018 top 20 MNEs were involved in at least one of the top 10 M&As during the 2016-2018 period: Mexichem (Chemicals & petrochemicals) acquired 80% of Israel based

Netafin, Grupo ALFA (Diversified) acquired 100% of US-based Corpus Christi, ALSEA (Food) acquired 100% of Spain based Sigla S.A and Arca Continental (Food) acquired 100% of Peru based Peru Beverage Limitada SRL (Annex I, Table 4).

The ten largest Greenfield investments 2015-2017

América Móvil, made seven of the ten largest greenfield investments during the 2016-2018 period, involving a total of almost US\$ 2.43 billion. Five were in Latin America and two in USA, all in telecommunications and internet infrastructure. The combined value of the top ten greenfield investments was US\$ 3.4 billion, with five in Latin America and five in the United States.

The largest greenfield investment in 2016 was for a US\$ 914 million investments in internet infrastructure undertaken by América Móvil (telecommunications) in Brazil. There were six greenfield investments made in 2018 that were added to the list of the top 10 for the 2016-2018 period: ARCA Continental's (food) investment of US\$ 250 million in the United States; América Móvil's (Telecommunications) investment of US\$ 500 million in the United States; Kurimanzuto's (tourism) US\$ 230 million investments in the United States and América Móvil's (Telecommunications) of US\$ 568.6 million in Costa Rica, Dominican Republic and Brazil.

Location of head office and official languages

In 2018, seven of the MNEs in our ranking had their main corporate headquarters in Mexico City, seven in the northern state of Nuevo León, two in the State of Mexico, one in Chihuahua, one in Jalisco, one in Guanajuato and one in Coahuila. The official language of all companies was Spanish.



Changes in the amount of assets, sales, and number of employees

Foreign assets of the 20 largest Mexican MNEs in 2018 increased by 17.6% in relation to 2016 and 4% in relation to 2017 (Table 2). Over the 2016-2018 period, total assets increased by 9.3%, foreign sales by 25.5%, total sales by 20.9%, foreign employment by 8.9% and total employment by 4.3%.

The ratio of foreign assets to total assets in 2018 was 61.6%, over 2016 levels (57.3%). The ratio of foreign sales to total sales in 2018 was 60.9%, over 2016 levels (58.7%). The ratio of foreign employees to total employees in 2018 was 36.9%, compared with 35.3% in 2016.

Table 2. Mexico: A snapshot of the top 20 multinationals, 2016-2018 (US\$ million) ^a

Variable	2016	2017	2018	% change, 2016-2018
Assets				
Foreign	132,779	150,526	156,177	17.6
Total	231,813	253,843	253,472	9.3
Share of foreign in total (%)	57.28	59.30	61.62	

Sales				
Foreign	86,753	98,781	108,844	25.5
Total	147,808	167,771	178,707	20.9
Share of foreign in total (%)	58.69	58.88	60.91	
Employment				
Foreign	382,903	406,531	416,840	8.9
Total	1,084,344	1,076,500	1,131,035	4.3
Share of foreign in total (%)	35.31	37.76	36.85	

Source: Basave and Gutiérrez-Haces, consolidated company reports and websites.

^a PEMEX is excluded from all three variables to avoid distortions due to the considerable weight that it represents in the aggregate data. If it were included, the share of foreign assets in total would be 39% in 2016, 43% in 2017 and 44.1% in 2018. In the case of employment, Cementos Chihuahua and Xignux are excluded in 2018, Cementos Chihuahua, Xignux and G. Carso are excluded in 2017 and 2016 because information on their foreign employment was unavailable.

THE BIG PICTURE

América Móvil

According to its 2018 report, America Movil, acquired 100% of the outstanding share of Nextel Operations in Brazil for U.S. \$905 million. Also, they entered into an agreement to acquire 100% of the outstanding share of Telefonica Moviles Guatemala, S.A. for U.S. \$333 million and 99.3% of Telefonica Moviles El Salvador, S.A. de C.V. for U.S. \$315 million.

América Movil prepaid plans, have been instrumental to increase wireless penetration in Latin America and Eastern Europe to levels similar to those of developed markets. Additionally, prepaid plans entail little to no risk of non-payment, as well as lower customer acquisition costs and billing expenses, compared to the average postpaid plan.

America Movil, increase the speed of the transmission of data service and expanding 3G and 4G coverage. They rolled out 4.5G in 2018.²

CEMEX

The multinational, reduced its total debt, plus perpetual notes by US\$493 million, advancing toward a total debt reduction target of US\$3.5 billion by the end of 2020.

During the years-ended on December 31, 2018 and 2017, in terms of millions of USD, in the countries in which operate, CEMEX paid in cash a total amount of taxes of 227 and 249, respectively, corresponding 178 to corporation income taxes (197 in 2017). Out of the 178 million of corporation income taxes, 37 were paid by operations in Europe (26 in

²https://s22.q4cdn.com/604986553/files/doc_financials/annual/2018/AMX-FY2018-20-F.pdf

2017), 141 by operations in the Americas and other countries (171 in 2017). CEMEX' operations in Europe were mainly conformed by the Netherlands, France, the Czech Republic and Switzerland; their operations in Americas are mainly conformed by Mexico, the U.S., Colombia, Costa Rica, the Dominican Republic, Guatemala, Nicaragua and Panama.³

Grupo Mexico

During 2018, the risk rating agency Fitch confirmed Grupo México's credit rating at BBB +. For its part, S&P raised Grupo México's rating from BBB to BBB +, both with a stable outlook.

The Tia Maria project has ended the engineering phase and with the environmental requirements requested by the Peruvian authorities, however, they did not obtain a response throughout 2018, since different protests were presented in Arequipa, which once again impede the opening of the mine. Faced with the latter, the company has responded by developing a social program that consists of providing training to 700 people in the province of Islay and with this, that the participants in the training can be candidates for one of the 9,000 positions that the project will offer Tia María from the resumption of its operations.⁴

Grupo FEMSA

On April 25, 2018, Coca-Cola FEMSA announced a cash transaction for US \$ 53.4 million, on a cash and debt free basis, through its subsidiary “Compañía Inversionista en Bebidas del Norte, S.L.”.

Subsequently, on June 28, 2018, Coca-Cola FEMSA announced the acquisition of Montevideo Refrescos S.R.L. (“MONRESA”) from The Coca-Cola Company in a cash transaction. The added value of this transaction is USD \$ 250.7 million, subject to cash and debt adjustments

Additionally, Coca-Cola FEMSA exercised its option to sell 51% of the shares of Coca-Cola FEMSA Philippines, Inc., on August 16, 2018.

In September, FEMSA announced that through its subsidiary Socofar it had reached an agreement to acquire Corporación GPF, a leading pharmacy operator, based in Quito, Ecuador.

Finally, FEMSA Comercio announced the opening of its first OXXO store in Lima, Peru, in August of the same year.⁵

³ <https://www.cemex.com/documents/20143/47791895/IntegratedReport2018.pdf/a147346a-339e-a49b-7d3f-fb53be8e46c9>

⁴ https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2018/RF_ES_2018_IFN.pdf

⁵ <https://femsa.gcs-web.com/static-files/4780ef52-1850-40bd-ac57-56077cf9814a>

BIMBO

He made four bakery trips during 2018. According to the auditors, these were key aspects of Bimbo's record performance this year.

Continuing its international expansion strategy, Grupo Bimbo, acquired the International Bakery, S.A.C., El Paisa, S.A.S, Alimentos Nutra Bien, S.A., and East Balt Bakeries ("Bimbo QSR").⁶

ALFA

In the U.S., the Group maintained its positive economic momentum amid fiscal stimulus offered by the government, however, some slowdown was expected by the end of the year.

Emerging energy-exporting economies were favored by rising oil prices in the first half of 2018. In the case of importers, the picture was more conservative. As a result, this had a significant impact on the Group.⁷

Mexichem

The company maintained a commercial relationship with Pemex, thanks to its partnership with Petroquímica Mexicana del Vinilo.

On April 20, 2016, an explosion took place at the Pajaritos Petrochemical Complex, where two of the three plants of the subsidiary PMV are located. However, if they do not obtain a favourable result from the investigation of environmental authorities, or any other authority, they may be required to pay penalties and fines, which could have a substantial adverse effect on the results of their operations and their financial situation. Fortunately, the company earned payment for insurance policies covering \$285 million pesos out of the \$320 million lost given the explosion in Colorados II.⁸

During the period analyzed, the multinational carried out the following acquisitions: Netafim; Sylvin Technologies Ltd; Petroquímica Mexicana de Vinilo, S.A. de C.V. (PMV) of which it acquired the 44.9% missing. This stake was owned by Pemex.

ARCA Continental

This multinational faced the devaluation of the Argentine peso and the tax on sugary beverages in Peru.

Net sales and operating flow increased, Ps. 37,260 million and Ps. 7,394 million respectively, figures lower than 2017, undoubtedly affected mainly by the devaluation of the Argentine currency. In Peru, ARCA Continental, faced the payment of an additional tax

⁶ <https://grupobimbo.com/sites/default/files/Grupo-Bimbo-Reporte-Anual-2018.pdf>

⁷ <https://expansion.mx/empresas/2019/02/13/alpek-fue-la-joyita-financiera-de-alfa-en-2018>

⁸ <https://www.eleconomista.com.mx/empresas/Termina-accidentada-relacion-entre-Pemex-y-Mexichem-20180708-0107.html>

on sugary beverages, this caused an average price increase of 8%, however, the company managed to protect the profitability of the operation and advance in a rapid recovery.⁹

PEMEX

It had a 16.3% decrease in domestic sales, mainly explained by (i) some decrease in gasoline consumption due to the increase in prices; (ii) a loss of market given the entry of new competitors; and (iii) a decrease in the volumes sold, given the temporary effects of the fuel theft strategy implemented jointly with the Federal Government; and a 1.5% decrease in export sales, given the 1.1% decrease in export volume, coupled with a decrease of almost one dollar per barrel in the average price of the Mexican export mix. The price went from an average of \$57.2 per barrel in 1Q18, to \$56.2 per barrel in 1Q19.¹⁰

LALA

The macroeconomic environment did not accompany the acquisition of Vigor Alimentos, a plant in Brazil, the shares plummeted to 16 pesos, which affected the company's international operations.¹¹

GRUMA

In the first quarter of 2019, Gruma is expected to look for further price increases in the United States to counteract the cumulative increase in labor (mainly in distribution) and transportation costs.¹²

Casa Cuervo

The Company's acquisition of Bushmills (Irish Whiskey) from Diageo and the growth of the Kraken brand position the Company for continued growth in its business outside the Americas.

Moreover, on February 22, 2018, the Company completed the acquisition of Hood River Distillers, Inc.'s Pendleton Whisky brand assets.

Casa Cuervo reduced its share capital due to poor performance of the price of its shares.¹³

VITRO

The Group, did not report international activity

⁹ <http://www.arcacontal.com/media/333812/informeanual2018acesp.pdf>

¹⁰ <https://www.pemex.com/ri/finanzas/Reporte%20de%20Resultados%20no%20Dictaminados/Reporte%20T19.pdf>

¹¹ <https://www.eleconomista.com.mx/mercados/Lala-pese-a-sus-esfuerzos-no-logra-levantar-20190217-0061.html>

¹² <https://www.eleconomista.com.mx/mercados/Acciones-de-Gruma-caen-tras-debil-reporte-20190221-0151.html>

¹³ <https://www.cuervo.com.mx/documents/informes-anuales/2018/ANEXO%20N.pdf>

ALSEA

On 27 December they concluded the acquisition of Grupo Vips in Spain and Portugal with 454 total stores, in the same way, they obtained the operating rights of Starbucks France and Benelux whose acquisition ended in early 2019, including 285 total stores.¹⁴

ELEKTRA

He did not register international activity

Cementos Chihuahua

On March 25, 2019, the U.S. Colorado District Court issued a ruling regarding the recognition of the Damage Award dated April 15, 2015, in which \$36.1 million in damages and expenses plus interest was ordered. The resolution considered the award to be valid in the United States.¹⁵

BACHOCO

In the U.S., particularly in the second half of 2018, animal protein over offering conditions were observed, which also pushed chicken prices. However, the consolidation of the Albertville operation allowed to capture some benefits of the price reduction since it is a purely meat-buyer operation.¹⁶

XIGNUX

I did not register international activity during the period examined.

CH Industries

It carried out an acquisition in Brazil, with its subsidiary Arcelor Mittal Brasil S.A. for the acquisition of the Cariacica and Itauna steel production plants and drawing equipment for the production of wires and derivatives.¹⁷

ELEMENTIA

The Mexican firm Elementia, specialized in the manufacture of construction materials, announced the sale of cement assets in Pennsylvania, United States, for 151 million dollars free of cash and debt.¹⁸

¹⁴ https://www.alsea.net/uploads/es/documents/annual_reports/alsea_informe_anual_2018_es.pdf

¹⁵ <http://cdn.investorcloud.net/gcc/InformacionFinanciera/InformacionAnual/GCC-Reporte-anual-2018-vf.pdf>

¹⁶ https://corporativo.bachoco.com.mx/wp-content/uploads/2019/04/INFORME_ANUAL_2018.pdf

¹⁷ https://industriasch.com.mx/images/noticias/eventore_830237_1_REPORT3.pdf

¹⁸ <https://mx.investing.com/news/stock-market-news/en-firma-mexicana-elementia-vende-activos-de-cemento-en-eeuu-por-151-mln-dlr-1916509>

Likewise, it announced, on April 24, 2018, that operations at its cement plant in South Carolina had resumed since April 13, 2018 after an unscheduled stoppage carried out on March 26, 2018 due to failures in key team.¹⁹

¹⁹<https://www.elementia.com/documents/76715/7083629/Elementia+Reanuda+Operaciones+en+la+Planta+de+Cemento+de+Carolina+del+Sur+Post+Paro+No+Programado.pdf/952ea5ca-51b3-441a-93f3-f907febd0ee6>

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Emerging Markets Global Players Project

This report on Mexican multinationals was prepared in the framework of the Emerging Markets Global Players (EMGP) Project, an international collaborative effort led by the Columbia Center on Sustainable Investment (CCSI). It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on the leading multinationals in each participating country. Since 2007, reports have been published on 16 countries: Argentina, Brazil, Chile, China, Hungary, India, Israel, Republic of Korea, Mexico, Poland, Russia, Slovenia, South Africa, Taiwan, Turkey, and United Arab Emirates. For further information, visit: <http://ccsi.columbia.edu/publications/emgp/>.

Institute for Economic Research, UNAM

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Columbia Center on Sustainable Investment

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Annex I. Tables and Figures

Table 1: Mexico: The top 20 multinationals: Key variables, 2018 (USD ^a million and number of employees)

Rank	Name	Industry	Assets		Sales		Employment		TNI (%)	Number of foreign affiliates	Number of host countries
			Foreign	Total	Foreign	Total	Foreign	Total			
1	America Movil	Telecommunications	57,852	72,623	36,462	52,760	100,835	189,448	67	25	24
2	Cemex	Non-metallic minerals	24,603	28,081	10,928	14,068	30,206	42,024	79	41	29
3	Grupo México	Mining	13,564 ^(b)	27,128	6,782 ^(c)	10,495	8,483	31,596	47	5	3
4	Grupo FEMSA	Beverages	10,847	29,288	8,687	23,869	72,909	297,073	33	11	11
5	Grupo BIMBO	Food products	10,150	13,380	9,574	14,648	61,390	138,432	39	32	32
6	Grupo ALFA	Diversified	9,650	18,792	13,085	18,620	28,000 ^(b)	86,180	51	39	27
7	Mexichem	Chemical & Petrochemicals	8,049	10,061	5,851	7,198	20,436 ^(b)	22,107	85	54	41
8	ARCA Continental	Beverages	7,909	12,087	4,389	8,077	20,000 ^(b)	56,000	52	17	4
9	PEMEX	Oil & Gas	2,249 ^(d)	105,493	921	85,931	1,700 ^(b)	128,616	2	4	1
10	LALA	Beverages	2,082	3,850	820	3,832	6,100	38,000	30	6	3
11	GRUMA	Food products	2,074	3,141	2,746	3,762	12,160	20,833	66	29	19
12	Casa Cuervo	Beverages	1,736	3,390	1,113 ^(c)	1,431	800 ^(b)	6,836	46	6	2
13	Grupo VITRO	Non-metallic minerals	1,413 ^(b)	2,771	1,589	2,238	4,209	14,912	50	5	4
14	ALSEA	Food products	1,408	2,761	1,046	2,340	27,906	71,621	45	17	6
15	Grupo ELEKTRA	Retail trade	1,146 ^{(b)(c)}	14,093	1,210	5,260	15,101	82,668	17	6	6
16	Cementos Chihuahua	Non-metallic minerals	848	1,903	647	883	na	2,729	(59)	8	1
17	BACHOCO	Food products	764	2,686	894	3,102	4,100	21,000	26	3	1
18	XIGNUX	Diversified	745 ^(b)	1,962	1,133 ^(c)	2,644	na	20,619	(44)	6	6
19	Industria CH	Steel & metal products	742	2,824	903 ^(c)	2,092	1,910	5,846	34	8	4
20	ELEMENTIA	Cooper & Platic	595 ^(b)	2,651	986	1,388	2,295	6,459	43	9	7
Total (average for the TNI percentage)			158,426	358,965	109,765	264,638	418,540	1,282,999	46	331	

Source: Basave and Gutiérrez-Haces, company reports and websites.

^a The Exchange rate used is the IMF rate of December 30, 2018: USD 1 = 19.68; ^b Estimated; ^c Exports included; ^d Represents 50% of the 50-50 joint venture with Shell Oil Co. in Deer Park Refining Ltd. of Texas and 35% of Sierrita Gas Pipeline LLC; ^e Financial assets excluded; ^f The TNI is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment. It is expressed as a percentage (i.e., “41” rather than “0.41”). When the TNI appears in parentheses, it has been calculated without the employment data.

Annex I, Table 1a. Mexico: Key variables for runners-up, 2018 (US\$ million^a and number of employees)

Rank	Name	Industry	Assets		Sales		Employment TNI		TNI (%)	Number of foreign affiliates	Number of host countries
			Foreing	Total	Foreing	Total	Foreing	Total			
1	Grupo Comercial Chedraui	Retail	545	3,468	2,212	8,437	12,186	52,442	22	2	1
2	Grupo CARSO	Diversified	490 ^(b)	7,007	1,082 ^(c)	4,911	na	73,000	14	28	16
3	Grupo Industrial Saltillo	Diversified	353	1,315	370	894	1,600 ^(b)	8,550	21	9	5
4	Altos Hornos de México	Steel & metal products	330 ^(b)	3,294	373 ^(c)	3,394	na	18,389	(11)	5	2
5	Kuo	Diversified	262 ^(b)	2,012	599 ^(c)	1,386	1,754	23,035	21	8	5
6	Rassini	Autoparts	260 ^(b)	710	673 ^(c)	973	997	6,325	40	6	5
7	Accel	Food products	243	328	360	409	698	3,388	61	2	1
8	Retoplas	Construction	175 ^(b)	602	167	399	na	3,000 ^(b)	(36)	16	12
9	Bio Pappel	Paper & papper products	152 ^(b)	1,516	210	1,344	285	11,211	9	3	2
10	Grupo Gigante	Retail	110	2,200	364	1,686	na	10,700	(13)	10	7
11	Interceramic	Non-metallic minerals	108	436	137	521	582	5,156	21	3	1
12	Tv Azteca	Telecommunications	28 ^(b)	1,421	53	739	na	5,636	(5)	9	3
Total (average for the TNI percentage)			3,055	24,308	6,601	25,092	18,102	220,832	23	101	

Source: Basave and Gutiérrez-Haces, company reports and websites.

^a The Exchange rate used is the IMF rate of December 30, 2018: USD 1 =Pesos 19.68.

^b The TNI is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment. It is expressed as a percentage (i.e., "41" rather than "0.41"). When the TNI appears in parenthesis, it has been calculated without the employment data.

^c Exports included.

Annex I, table 2. Mexico: The top 20 multinationals: Regionality Index, 2018 (percentages, except for last column)

Company	The Middle East & North Africa	East Asia & the Pacific	South Asia	Developed Asia Pacific	East Europe & Central	Other Europe	Latin America & the Caribbean	North America	Number of foreign affiliates
America Movil				4	24	4	64	4	25
Cemex	7		10		12	32	32	7	41
Grupo México						20	20	60	5
Femsa							100		11
Grupo Bimbo	3	3	3			9	44	38	32
Grupo Alfa		2			23	26	26	23	39
Mexichem	6	2	4		17	26	31	14	54
ARCA-Continental							65	35	17
PEMEX								100	4
Lala							17	83	6
Gruma		3	3	3	11	14	28	38	29
Casa Cuervo		16				16		68	6
Grupo Vitro					20		20	60	5
Alsea						35	65		17
Grupo ELEKTRA							83	17	6
Cementos Chihuahua								100	8
Bachoco								100	3
XIGNUX							83	17	6
Industria CH							37	63	8
ELEMENTIA							78	22	9

Source: Basave and Gutiérrez-Haces, consolidated company reports and websites.

^a The regionality index is calculated by dividing the number of a firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100. Sub-Saharan Africa is not included among the regions as there is no Mexican presence there.

Annex I, Table 4. Mexico: Top 10 outward M&A transactions, 2016-2018 (US\$ million)

Date	Acquirer's name	Target company	Target Industry	Target country	%of shares acquired	Value of transaction
06/2017	Grupo México	Florida East Coast Holdings	Transports	USA	100	2,100
04/2017	ARCA-Continental	Coca-Cola Southwest Beverages	Beverages	USA	100	1,978
06/2017	Grupo Lala	Vigor Alimentos	Food	Brazil	100	1,873
02/2018	Mexichem	Netafin	Irrigation systems	Israel	80	1,424
12/2018	ALFA	Corpus Christi	Petrochemicals	USA	100	1,199
12/2016	FEMSA	Vonpar	Beverages	Brazil	100	1,029
07/2016	VITRO	PPG Industries	Non-metallic minerals	USA	100	750
07/2017	BIMBO	East Balt Bakeries	Food	USA	100	650
12/2018	ALSEA	Sigla S.A.	Food	Spain	100	541
09/2018	Arca-Continental	Peru Beverage Limitada SRL	Beverages	Peru	100	507
Total						12,051

Source: Basave J. and Gutiérrez-Haces T., consolidated company reports and websites.

Annex I, Table 4a Mexico: Top 10 outward M&A transactions, 2018 (US\$ million)

Date	Acquirer's name	Target company	Target Industry	Target country	%of shares acquired	Value of transaction
02/2018	Mexichem	Netafin	Irrigation systems	Israel	80	1,424
12/2018	ALFA	Corpus Christi	Petrochemicals	USA	100	1,199
12/2018	ALSEA	Sigla S.A.	Food	Spain	100	541
09/2018	Arca-Continental	Peru Beverage Limitada SRL	Beverages	Peru	100	507
04/2018	ALFA	Cía Petroquímica de Pernanbucó	Petrochemicals	Brazil	100	435
04/2018	Grupo Comercial Chedraui	Fiesta Mart	Retail	USA	100	407
04/2018	ALFA	Cía Integrada Textil de Pernanbucó	Petrochemicals	Brazil	100	385
07/2018	FEMSA	Montevideo Refrescos	Beverages	Uruguay	100	251
09/2018	Casa Cuervo	Pendleton Whisky	Beverages	USA	100	213
06/2018	BIMBO	Manhattan	Food	China	100	200
Total						5,562

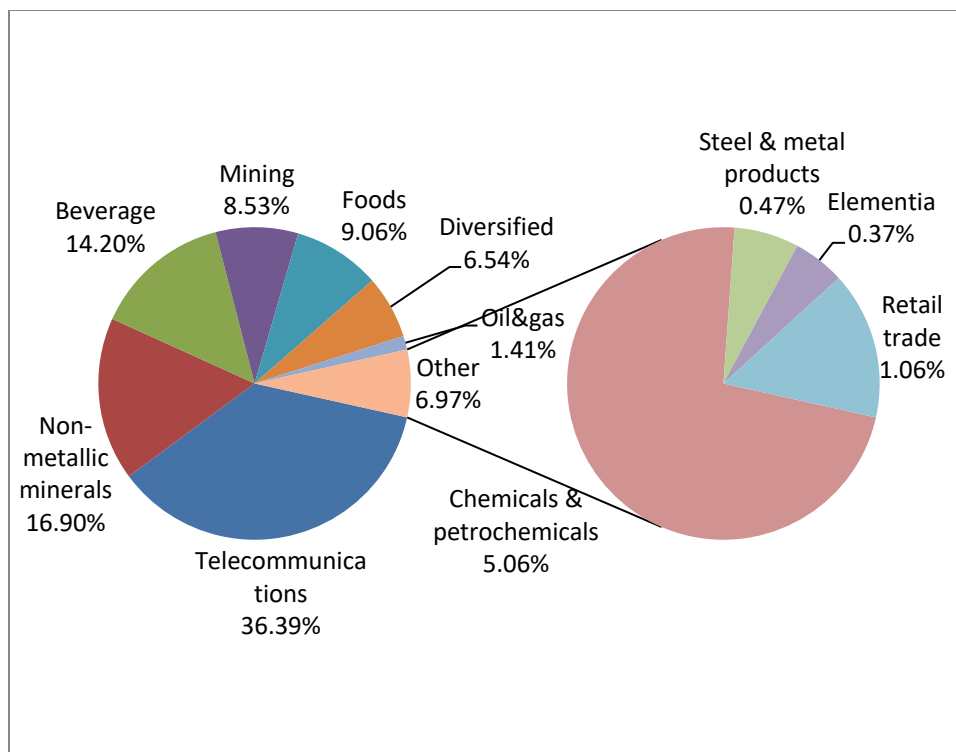
Source: Basave J. and Gutiérrez-Haces T., consolidated company reports and websites.

Annex I, Table 5. Mexico: Top 10 outward greenfield transactions announced, 2016-2018 (US\$ million)

Date	Company	Destination	Industry	Value of transaction
06/2016	América Móvil	Brazil	ICT & Internet infrastructure	914.0
11/2017	GRUMA	United States	Food	490.0
09/2017	América Movil	Ecuador	ICT & Internet infrastructure	450.0
05/2018	ARCA-Continental	United States	Beverages	250.0
10/2018	América Móvil	Puerto Rico	Communications	250.0
11/2018	América Móvil	Puerto Rico	Communications	250.0
03/2018	Kurimanzutto	United States	Tourism	230.0
12/2017	América Movil	Costa Rica	Communications	220.6
10/2018	América Movil	Dominican Republic	Communications	178.0
10/2018	América Movil	Brazil	Communications	170.0
Total				3,402.6

Source: Adapted from fDi Intelligence, a service from the Financial Times Ltd.

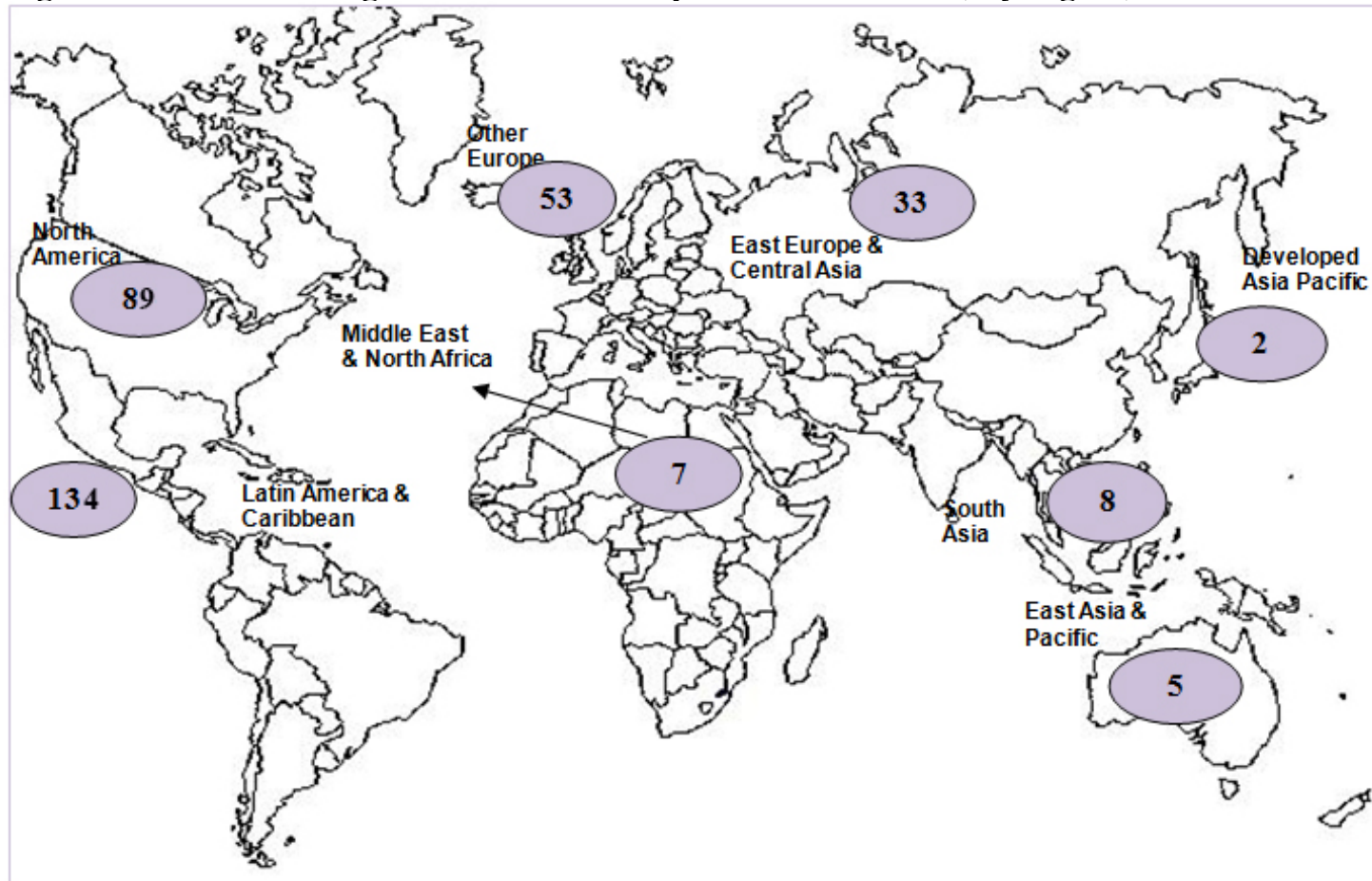
Annex I, figure 1. Mexico: Breakdown of the foreign assets of the top 20 multinational, by main industry, 2018 (percentages)



Industry	Foreing assets (USD million)	Number of companies	Companies
Telecommunications	57,852	1	America Móvil
Non-metallic minerals	26,864	3	CEMEX, Cementos Chihuahua, VITRO
Beverage	22,574	4	Grupo FEMSA, ARCA-C., Casa Cuervo, LALA
Mining	13,564	1	Grupo México
Foods	14,396	4	GRUMA, BIMBO, BACHOCO, ALSEA
Diversified	10,396	2	Grupo ALFA, XIGNUX
Oil&gas	2,249	1	PEMEX
Chemicals & petrochemicals	8,049	1	Mexichem
Steel & metal products	742	1	Industrias CH
Cooper & Plastic	595	1	ELEMENTIA
Retail trade	1,146	1	Grupo Elektra
Total	158,426	20	

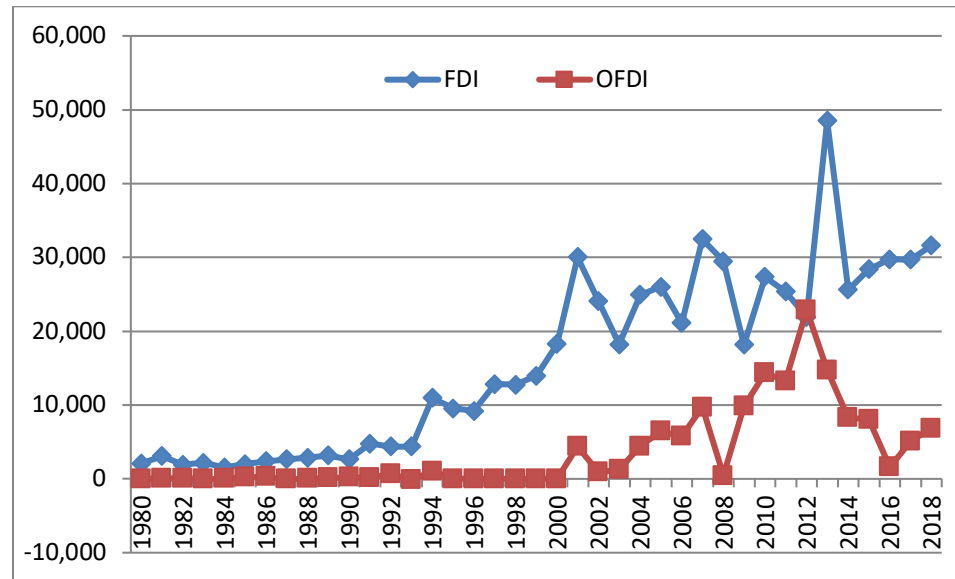
Source: Basave and Gutiérrez-Haces, consolidated company reports and websites

Annex I, figure 2. Mexico: Foreign affiliates of the top 20 multinationals, by region, 2018



Source: IIEc-VCC survey of Mexican multinationals and consolidated company reports and websites.

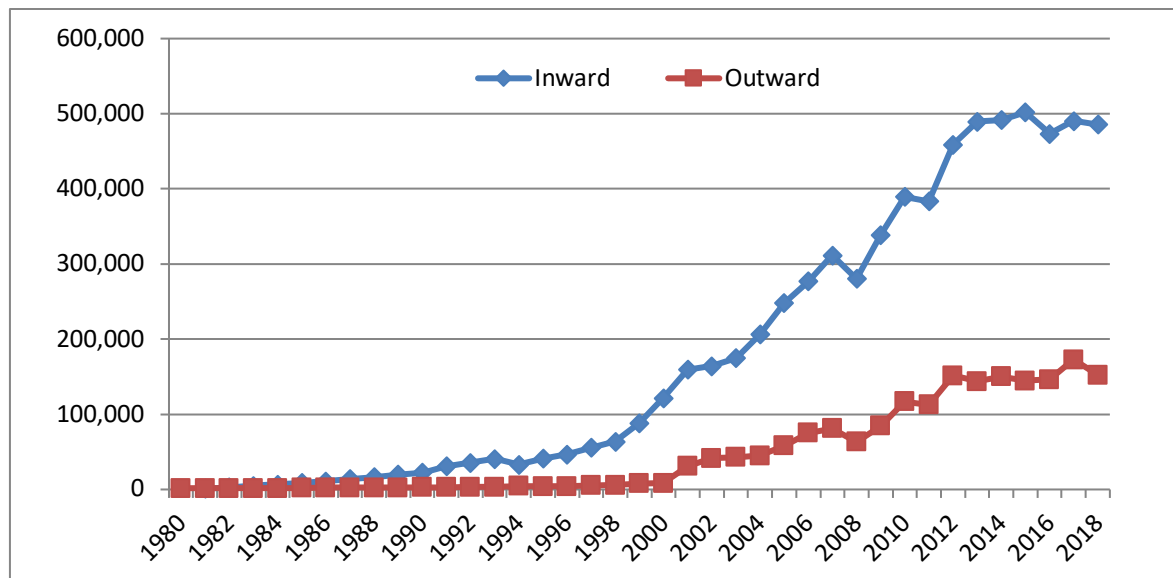
Annex I, Figure 4. Mexico: Inward and outward FDI flows, 1980-2018 (US\$ million)



Note: From 1980 to 2013 the information was taken from United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development), <http://unctadstat.unctad.org>, accessed. From 2014 to 2018, the authors preferred to use the database published by the Bank of Mexico, considering that it reflects more accurately the macroeconomic situation in Mexico.

The balance of payments of the Bank of Mexico incorporates revisions of figures of some lines of this balance. Such adjustments are originated by the continuous process of incorporation of additional information to the statistics. The main revisions are made in the items of direct investment, profits, net acquisition of portfolio assets and net liabilities of other commercial banking investment; a process that UNCTAD does not carry out.

Annex I, Figure 5. Mexico: Inward and outward FDI stock, 1980-2018 (US\$ millions)



Source: United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development), <http://unctadstat.unctad.org>, accessed.